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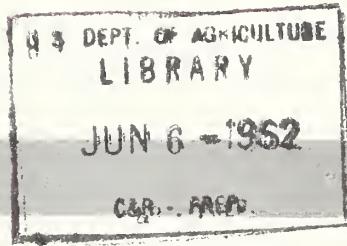


Growth Through Agricultural Progress

STAFF PAPER

RESUMÉ

OF
PRESIDENT'S
PAY PROPOSAL 1962



Staff papers are issued by the Office of Personnel to give the Department's managers brief, accurate, and timely information on matters affecting employees and their jobs. The paper transmitted under this cover summarizes and provides background information on the Administration's Salary Reform Bill, now pending before Congress. It is presented in this manner to save you the time you might otherwise spend studying the Bill and its detailed sectional analysis and supporting statements. We hope you will find it serves its purpose in this respect. Questions you may have about this paper may be discussed with Mr. Townsend, Classification and Standards Division, extension 5618.

Carl B. Bauer

Twenty-one provisions in four titles of the Administration's Pay Reform Bill of 1962, of interest to the Department of Agriculture, are itemized in the accompanying brief summary, prepared by the Office of Personnel.

PROVISIONS OF H. R. 10480 (THE FEDERAL SALARY
REFORM BILL OF 1962) OF INTEREST TO THE USDA

TITLE I: GENERAL POLICY

Equal Pay for Equal Work

Preserves the principle of equal pay for substantially equal work. Differences in pay shall be in keeping with work and performance distinctions. - Sec. 102

Principle of Salary Comparability

Establishes the principle that Federal salary rates shall be comparable with private enterprise salary rates for the same levels of work. - Sec. 102

Internal Alignment of Federal Salary Systems

Provides for interrelating the salary levels for the several Federal statutory salary systems. - Sec. 102

- Four systems are taken up in their turn by the bill. Title II deals with the Classification Act Pay System, Title III with the Postal Field Service System, Title IV with pay scales for physicians, dentists, and nurses in the Department of Medicine and Surgery of the Veterans' Administration and Title V with the Foreign Service Salary System.

Annual Revision

In order that the President may make annual recommendations to the Congress for revision of salary schedules, provides that he shall have an agency or agencies of his choosing give him comparability data between Federal and private enterprise rates which he can use for the purpose. - Sec. 103

Rates for Hard-to-Fill Jobs

Authorizes the President to raise minimum rates under any of the four salary systems to make the Government more competitive with private enterprise in recruiting for one or more occupations wherever its recruitment efforts would otherwise be significantly handicapped. In contrast to the otherwise comparable current provisions of Section 803 of the Classification Act, the new provisions carry authority, whenever the minimum is raised, to make corresponding increases in all step rates of the salary range for each such grade or level. - Sec. 104a

Coordination from The White House

Policies and rules to be issued by the President will govern the functions, duties, and regulations of the departments and of the Civil Service Commission for administering this law and the laws establishing the Classification Act system and other major statutory salary systems. - Sec. 105

TITLE II: PAY SYSTEM OF THE CLASSIFICATION ACT OF 1949

Increase in GS Grade Levels

Increases the number of grade levels in the General (GS) Schedule from 18 to 20. - Sec. 202(a)

New Grades 19 and 20

Provides that positions in GS-19 and 20 shall be placed in those grades by the President. - Sec. 202(b)

Phasing the Conversion to Higher Classification Act Rates

Establishes three separate salary schedules for employees under the Classification Act system, each higher than the preceding schedule, to which employees will be advanced successively the first day of the pay period that follows January 1, 1963, January 1, 1964, and January 1, 1965. (See copies of the salary schedules attached at the end of this resume.) - Sec. 203(a), (c), and (e).

Step-Increases

Establishes different waiting periods within each grade level for step increases, as follows:

52 calendar weeks in steps 1,2, and 3 of each grade
104 " " " 4,5, and 6 " " "
156 " " " 7,8, and 9 " " "
=312 x 3 or 18 years (936 calendar weeks) to progress from
the first to the tenth step in a 10-step grade.

- Sec. 204

Additional Step-Increases

Authorizes agency heads to grant additional step-increases in recognition of high quality performance above that ordinarily found in the type of position concerned, but not more than one such additional increase in any period of 52 weeks. This would permit employees to progress from the first to the tenth step in half the time it would otherwise take, in outstanding cases.

- Sec. 204

Presidential Appointees Not Eligible

The provisions for step-increases and additional step-increases do not apply to persons appointed by the President, by and with the advice and consent of the Senate. - Sec. 204

Initial Salary Rate Rules

The rule that all new appointments shall be made at the minimum rate of the appropriate grade is amended to permit an exception under which individuals with extra qualifications for the position concerned may be appointed at such higher rate or rates of a grade as the Civil Service Commission may authorize for this purpose. The amendment also permits paying a well qualified appointee at a rate above the minimum of the appropriate grade where necessary to meet the rate he is receiving in private employment. However, no appointment under these provisions may be made at a rate higher than the lowest rate of the grade which equals or exceeds the appointee's salary rate immediately prior to appointment. - Sec. 205

Guaranteed Increase on Promotion

When promoted to a higher grade position, employees shall receive a rate in the higher grade which exceeds the rate in the grade from which promoted by an amount not less than two step-increases in the lower grade. - Sec. 206

Salary Retention

The limitation in the existing law which restricts its salary savings provisions in cases of demotion to employees in GS-15 and below is lifted. The salary savings provisions will hereafter apply to all employees, regardless of grade level. - Sec. 208

Removal of Numerical Limitation on Supergrades

Provisions relating to supergrades (i.e., positions established in grades GS-16, 17, 18, 19, and 20) do not impose any numerical restriction on the number of such positions. - Sec. 209

Annual Supergrade Report

The Civil Service Commission is required to submit an annual report in regard to all positions placed in grades GS-16, 17, and 18. - Sec. 209

Repealers

Section 210 repeals various provisions of existing law. The following are of interest to the Department of Agriculture:

- Area Redevelopment Positions

Section 24(d) of the Area Redevelopment Act (75 Stat. 62; - U.S.C. -), authorizing five positions in grades 16, 17, and 18 of the General Schedule established by the Classification Act of 1949 for agencies performing functions under that Act. - Sec. 210(7)

- Surplus Disposal Administrator

That part of section 207 of the Agricultural Act of 1956 (70 Stat. 200; 7 U.S.C. 1857), relating to the annual salary of an agricultural surplus disposal administrator in the Department of Agriculture, which reads: ", at a salary rate of not exceeding \$15,000 per annum,".

- Sec. 210(14)

TITLE VI: REPEAL OF SPECIFIC STATUTORY SALARIES 1/

Since they would be fixed by the Pay Reform Bill, if enacted, the following specific statutory salaries are repealed:

Section 106(a) of the Federal Executive Pay Act of 1956, as amended, which provides annual compensation of \$20,000 for:

- (1) Administrator, Commodity Stabilization Service (sic)
- (2) Administrator, Rural Electrification Administration

Section 106(b) of the Federal Executive Pay Act of 1956, as amended, which provides annual compensation of \$19,000 for:

- (1) Administrative Assistant Secretary of Agriculture
- (2) Administrator, Farmers Home Administration
- (3) Administrator, Soil Conservation Service
- (4) Chief Forester
- (5) Manager, Federal Crop Insurance Corporation

- Sec. 602(c) and (d)

1/The only non-Classification Act, statutory rate top staff positions not affected by the Title VI repealer provisions are those of the Secretary, Under Secretary, 3 Assistant Secretaries, General Counsel, and ARS Administrator. By letter from the Deputy Director of the Bureau of the Budget dated February 23, 1962, the Secretary was advised that any

proposal with respect to pay for any of these positions, except the ARS Administrator's, should be withheld at this time, based on the following paragraph from the President's message introducing the pay reform proposal:

"This reform of top career salaries will, of course, boost the pay of many civil servants to a level above that paid to their chiefs in Cabinet, sub-Cabinet and similar positions. I recognize, however, that the salary level of these top executives has been quite properly related in recent years with the salary level of the Congress; and, while both are, in my opinion, inadequate, it is neither customary nor appropriate to either provide such increases during current terms of office or specify Congressional increases in a Presidential message. Representatives of the Executive Branch stand ready, however, to cooperate with the Congress in determining what Executive and Congressional pay scales would be appropriate following the terms of the present incumbents."

Conversion to Classification Act Schedule

The seven positions listed above under the section 106(a), and (b) provisions of the Federal Executive Pay Act of 1956, as amended, shall be placed in the appropriate grade of the new Classification Act pay schedule. - Sec. 603

TITLE VII: MISCELLANEOUS PROVISIONS

P. L. 313 Positions and Technical Experts and Scientists on Foot-and-Mouth and Other Animal Diseases

The limitations contained in Public Law 313, 80th Congress, relating to the rates of pay of certain scientific and professional positions, and in the Act of May 29, 1884, as amended, relating to the pay of technical experts and scientists on foot-and-mouth disease and other animal diseases, is changed from a dollar amount to an amount that shall not be less than the minimum rate of GS-16 nor more than the highest rate of GS-18 under the P. L. 313 authority, and to an amount that shall not exceed the highest rate of GS-18 under the 1884 Act, as amended. - Sec. 701 and Sec. 704

SUCCESSIVE PAY SCHEDULES FOR "PHASING" INCREASES UNDER THE PAY REFORM PROPOSAL

To be effective
1st of pay period
beginning on or
after 1/1/63:

"Grade	Per annum rates and steps									
	1	2	3	4	5	6	7	8	9	10
GS-1-----	\$3,225	\$3,330	\$3,435	\$3,540	\$3,645	\$3,750	\$3,855	\$3,960	\$4,065	\$4,170
GS-2-----	3,540	3,645	3,750	3,855	3,960	4,065	4,170	4,275	4,380	4,485
GS-3-----	3,800	3,905	4,010	4,115	4,220	4,330	4,455	4,580	4,705	4,830
GS-4-----	4,110	4,250	4,390	4,530	4,670	4,810	4,950	5,090	5,230	5,370
GS-5-----	4,565	4,715	4,865	5,015	5,165	5,315	5,465	5,615	5,765	5,915
GS-6-----	5,035	5,205	5,375	5,545	5,715	5,885	6,055	6,225	6,395	6,565
GS-7-----	5,540	5,725	5,910	6,095	6,280	6,465	6,650	6,835	7,020	7,205
GS-8-----	6,090	6,295	6,500	6,705	6,910	7,115	7,320	7,525	7,730	7,935
GS-9-----	6,875	6,900	7,125	7,350	7,575	7,800	8,025	8,250	8,475	8,700
GS-10-----	7,290	7,535	7,780	8,025	8,270	8,515	8,760	9,005	9,250	9,495
GS-11-----	7,960	8,225	8,490	8,755	9,020	9,285	9,550	9,815	10,080	10,345
GS-12-----	9,380	9,695	10,010	10,325	10,640	10,955	11,270	11,585	11,900	12,215
GS-13-----	10,965	11,330	11,695	12,060	12,425	12,790	13,155	13,520	13,885	14,250
GS-14-----	12,665	13,090	13,515	13,940	14,365	14,790	15,215	15,640	16,065	16,480
GS-15-----	14,495	14,875	15,455	15,935	16,415	16,895	17,375	17,855	18,335	18,815
GS-16-----	16,400	16,945	17,490	18,035	18,580	19,125	19,670	-----	-----	-----
GS-17-----	18,350	18,960	19,570	20,180	-----	-----	-----	-----	-----	-----
GS-18-----	20,315	-----	-----	-----	-----	-----	-----	-----	-----	-----
GS-19-----	22,245	-----	-----	-----	-----	-----	-----	-----	-----	-----
GS-20-----	23,000	-----	-----	-----	-----	-----	-----	-----	-----	-----

To be effective
1st of pay period
beginning on or
after 1/1/64:

"Grade	Per annum rates and steps									
	1	2	3	4	5	6	7	8	9	10
GS-1-----	\$3,265	\$3,370	\$3,475	\$3,580	\$3,685	\$3,790	\$3,895	\$4,000	\$4,105	\$4,210
GS-2-----	3,580	3,685	3,790	3,895	4,000	4,105	4,210	4,315	4,420	4,525
GS-3-----	3,840	3,945	4,050	4,155	4,260	4,375	4,500	4,625	4,750	4,875
GS-4-----	4,175	4,315	4,455	4,595	4,735	4,875	5,015	5,155	5,295	5,435
GS-5-----	4,645	4,800	4,955	5,110	5,265	5,420	5,575	5,730	5,885	6,040
GS-6-----	5,165	5,335	5,505	5,675	5,845	6,015	6,185	6,355	6,525	6,695
GS-7-----	5,695	5,885	6,075	6,265	6,455	6,645	6,835	7,025	7,215	7,405
GS-8-----	6,285	6,495	6,705	6,915	7,125	7,335	7,545	7,755	7,965	8,175
GS-9-----	6,925	7,155	7,385	7,615	7,845	8,075	8,305	8,535	8,765	8,995
GS-10-----	7,585	7,840	8,095	8,350	8,605	8,860	9,115	9,370	9,625	9,880
GS-11-----	8,325	8,600	8,875	9,150	9,425	9,700	9,975	10,250	10,525	10,800
GS-12-----	9,910	10,240	10,570	10,900	11,230	11,560	11,890	12,220	12,550	12,880
GS-13-----	11,670	12,060	12,450	12,840	13,230	13,620	14,010	14,400	14,790	15,180
GS-14-----	13,615	14,070	14,525	14,980	15,435	15,890	16,345	16,800	17,255	17,710
GS-15-----	15,725	16,250	16,775	17,300	17,825	18,350	18,875	19,400	19,925	20,450
GS-16-----	17,970	18,570	19,170	19,770	20,370	20,970	21,570	-----	-----	-----
GS-17-----	20,325	21,000	21,675	22,350	-----	-----	-----	-----	-----	-----
GS-18-----	22,740	-----	-----	-----	-----	-----	-----	-----	-----	-----
GS-19-----	25,150	-----	-----	-----	-----	-----	-----	-----	-----	-----
GS-20-----	26,000	-----	-----	-----	-----	-----	-----	-----	-----	-----

To be effective
1st of pay period
beginning on or
after 1/1/65:

"Grade	Per annum rates and steps									
	1	2	3	4	5	6	7	8	9	10
GS-1-----	\$3,305	\$3,410	\$3,515	\$3,620	\$3,725	\$3,830	\$3,935	\$4,040	\$4,145	\$4,250
GS-2-----	3,620	3,725	3,830	3,935	4,040	4,145	4,250	4,355	4,460	4,565
GS-3-----	3,880	3,985	4,090	4,195	4,300	4,405	4,525	4,650	4,775	4,900
GS-4-----	4,215	4,355	4,495	4,635	4,775	4,915	5,055	5,195	5,335	5,475
GS-5-----	4,690	4,850	5,010	5,170	5,330	5,490	5,650	5,810	5,970	6,130
GS-6-----	5,235	5,410	5,585	5,760	5,935	6,110	6,285	6,460	6,635	6,810
GS-7-----	5,795	5,990	6,185	6,380	6,575	6,770	6,965	7,160	7,355	7,550
GS-8-----	6,420	6,635	6,850	7,065	7,280	7,495	7,710	7,925	8,140	8,355
GS-9-----	7,095	7,330	7,565	7,800	8,035	8,270	8,505	8,740	8,975	9,210
GS-10-----	7,800	8,060	8,320	8,580	8,840	9,100	9,360	9,620	9,880	10,140
GS-11-----	8,580	8,865	9,150	9,435	9,720	10,005	10,290	10,575	10,860	11,145
GS-12-----	10,270	10,615	10,960	11,305	11,650	11,995	12,340	12,685	13,030	13,375
GS-13-----	12,190	12,595	13,000	13,405	13,810	14,215	14,620	15,025	15,430	15,835
GS-14-----	14,310	14,785	15,260	15,735	16,210	16,685	17,160	17,635	18,110	18,585
GS-15-----	16,620	17,175	17,730	18,285	18,840	19,395	19,950	20,505	21,060	21,615
GS-16-----	19,125	19,760	20,395	21,030	21,665	22,300	22,935	-----	-----	-----
GS-17-----	21,755	22,480	23,205	23,930	-----	-----	-----	-----	-----	-----
GS-18-----	24,500	-----	-----	-----	-----	-----	-----	-----	-----	-----
GS-19-----	27,290	-----	-----	-----	-----	-----	-----	-----	-----	-----
GS-20-----	28,000	-----	-----	-----	-----	-----	-----	-----	-----	-----

QUESTIONS AND ANSWERS REGARDING THE PAY REFORM PROPOSAL

The following questions and answers about the background and effect of the President's proposal for salary reform are from a Civil Service Commission press release on the subject:

Q. What are the major features of the proposed pay reform bill?

A. The bill would for the first time establish a basic policy for adjusting and administering Federal statutory salaries, based on a yearly review of comparable salaries in private enterprise, would provide proper relationships among various statutory salary systems, and would provide additional and very much needed flexibility in salary administration.

Q. Which major salary scales are affected by the bill?

A. The Classification Act, the Postal Field Service Compensation Act, and the laws under which Foreign Service employees and employees of the Veterans Administration's Department of Medicine and Surgery are paid.

Q. What method was used to determine that the proposed new salaries are comparable with salaries in private industry for the same levels of work?

A. The basis of the proposed salaries is the 1961 survey report of the Bureau of Labor Statistics, which furnished private-enterprise salary information for occupations representative of the Classification Act.

Q. How was comparability achieved for the other statutory pay scales?

A. Salaries of the other statutory pay systems were linked with those of the Classification Act at certain key levels. This was done in most cases on the basis of evaluations of duties, responsibilities, and qualification requirements.

Q. Will the yearly review be made in the same way?

A. Yes. The basis will be a Bureau of Labor Statistics survey, which will be made yearly. The yearly review of statutory pay scales is considered to be an important reform. First, it places the review of salaries on a regular, systematic basis. Also, up to now no adequate national salary surveys have been available and the revision of these pay scales has had to be done with very little fact-finding.

Q. Will revisions of the proposed pay scales take place automatically as a result of the BLS findings?

A. No. The results of future annual surveys will be reported to the President, who will thereupon make recommendations for any needed changes and submit them to the Congress. Putting these recommendations into effect would require legislation. It is possible that the surveys made in the meantime would produce results which would lead the President to recommend subsequent changes in the schedules included in the bill to become effective in 1964 and 1965.

Q. Is any provision being made for higher pay for shortage-category positions?

A. Yes. A more flexible method is being proposed for attracting candidates for hard-to-fill positions. Instead of raising entrance pay above the minimum and leaving the maximum of the grade at the same level, a method of pay which reduced and sometimes eliminated incentives, the new bill would provide for raising rates for the whole grade. For example, if \$9,380 was the minimum and \$12,215 was the maximum of GS-12, and it was decided to raise the entrance salary for a certain job to \$10,640 (5th step), an increase of \$1,260, each succeeding step would be raised by the same amount for a total of the entire 10 steps, making the maximum \$13,475. In no case could the entrance salary be raised above the normal maximum of the grade.

Q. Could hiring at a salary above the minimum of the grade be done in individual cases?

A. Yes. In order to attract high-quality personnel to the Federal service, individuals with exceptionally high qualifications could be hired at salaries above the minimum of the grade. This is also a practice in private industry.

Q. How much in the way of increases does the proposed pay scale provide?

A. The percentage increases will be greater at the higher than at the lower levels, ranging from 3.7 percent in the first step of grade GS-1 to 32 percent at grade GS-18. This is because salaries of higher grade positions have lagged the farthest behind national levels. For example, the percentage increases since 1939 have been 152 percent in the statutory minimum salary of GS-1, 117 percent in GS-5, and 155 percent in the statutory minimum for clerk-carrier -- but only 98 percent in GS-11 and 71 percent in GS-15. This has seriously compressed the salary systems.

Q. What is the ratio of highest to lowest salary under the Classification Act?

A. It is now 5.8 to 1, whereas in 1939 it was 8.8 to 1. Under the proposed new rates it would be 7.4 between GS-18 and GS-1.

Q. What kind of positions would be placed in the new grades GS-19 and GS-20?

A. These new grades would be primarily for bureau directors and certain other high-ranking positions now paid under special statutory authorities, which would be returned to the Classification Act. Positions could be placed in these grades only by personal action of the President following review by the Civil Service Commission.

Q. Would any changes be made in the limitation on the number of positions in grades GS-16, GS-17, and GS-18?

A. Yes. Under the proposal, the limitation on the number of positions in these grades would be removed entirely. These limitations are inconsistent with the principle of equal pay for equal work and pay distinctions in proportion to work distinctions.

Q. What would happen to P. L. 313 salaries?

A. Positions, mostly scientific and professional, now paid under Public Law 313 and similar statutes, would have their salary range geared to the range of Classification Act grades GS-16 through GS-18.

Q. When would the raises be effective?

A. The proposed increases would be spread over a 3-year period -- effective in January of 1963, 1964, and 1965, respectively -- in order to prevent undue budgetary and economic impact in any one year. The first raise would be the largest.

Q. How is the range of each Classification Act grade determined?

A. In all except the top five grades (GS-16 - GS-20), there is a spread of 30 percent from the entry rate to the top of the grade. Each within-grade increase amounts to 3 1/3 percent. This range is considered a material incentive for employees remaining in a grade for a substantial length of time. The spread in grades GS-16 and GS-17 is 20 percent and 10 percent. GS-18 to GS-20 have single rates.

Q. What is the time interval between within-grade increases?

A. Instead of the present 1-year or 18-month waiting period, the increases would take effect as follows: once a year for the first three steps, once every two years for the next three steps, and once every three years for the last three steps. Thus the increases would be most frequent when proficiency on the job normally increases most rapidly. This would bring employees in grades GS-1 through GS-15 to the top of their grades in 18 years.

Q. Does the pay reform bill make any provision for within-grade raises because of excellent work?

A. Yes, the bill would allow giving merit increases not oftener than once a year in order to reward and encourage high quality performance. This is an established practice in private industry, and was formerly permitted by the Classification Act as late as 1954.

Q. Will the proposed bill correct the situation that sometimes occurs when a supervisor receives no more or even less pay than some of his subordinates under another pay system?

A. Yes. This situation sometimes occurs when a supervisor is paid under the Classification Act and his employees are paid at wage-board rates. The proposal would authorize raising his pay to any rate of his grade necessary to make his salary higher than the pay of his employees.

Q. Would a minimum raise be provided for an employee who is promoted from one grade to another?

A. Yes. His salary would be increased an amount that was at least the equivalent of two steps of the grade from which he was promoted.

Q. Does the pay reform bill continue to provide longevity rates?

A. Yes, in effect, although they are not so named. Instead of 7 step rates to the top of the grade in GS-1 through GS-10 and then 3 longevity steps, for example, the proposal is to have 10 regular step rates. This would eliminate the requirement for 10 years in grade in order to be entitled to the first longevity step, a provision that causes inequities to employees who, on promotion, enter a grade at an intermediate step.

Q. What is the size of the step increases?

A. They would range from \$105 per year in grades GS-1 and 2 to \$610 in grade GS-17 in 1963. Grades GS-18, GS-19, and GS-20 have a single rate.

Q. In converting a General Schedule employee to the new pay scale, how would it be determined what step he will be in?

A. He will go in the corresponding step. For instance, if he is in the fourth step of GS-5, he will go in the fourth step of the new GS-5.

Q. What if he is in a longevity step?

A. The longevity steps, which follow the regular seven steps in most grades, may be numbered 8, 9, and 10 for convenience. In those

grades, a person in the first longevity step would go to step 8, a person in the second would go to step 9, etc.

Q. How about employees who have been in the seventh step of the grade for a long time but who were prevented from getting longevity rates because they had been in the grade for less than 10 years?

A. They would be converted to the corresponding step, and then their time in the 7th step would be applied toward the time requirement for the next step. For example, a person who had served 4 years in the top (seventh) step of GS-5 would be put in the 7th step of the new grade 5, then moved to the 8th because he had served the 3-year service requirement for that step. However, the extra year would not count towards his 3 years for moving up to the 9th step.

Q. How about employees in grades GS-11 to 15 -- grades that had fewer than the 10 steps proposed?

A. Take GS-11 as an example. This is a grade that has 6 regular steps and 3 longevity steps. In this case you would number the longevity steps 7, 8, and 9 for purposes of the conversion.

Q. How would the conversion affect employees in grades GS-12 to GS-17, who under the present system serve 18 months in order to earn a step increase?

A. They too will be put in the corresponding grades. For example, a GS-12 employee in the 2d step would be converted to the 2d step. If he had already served at least a year at the 2d step, he would then be moved automatically to the 3d step. However, if he had already served less than a year his conversion would be to the 2d step and, upon conversion, he would continue serving his 1-year requirement for the 3d step.

APPENDIX

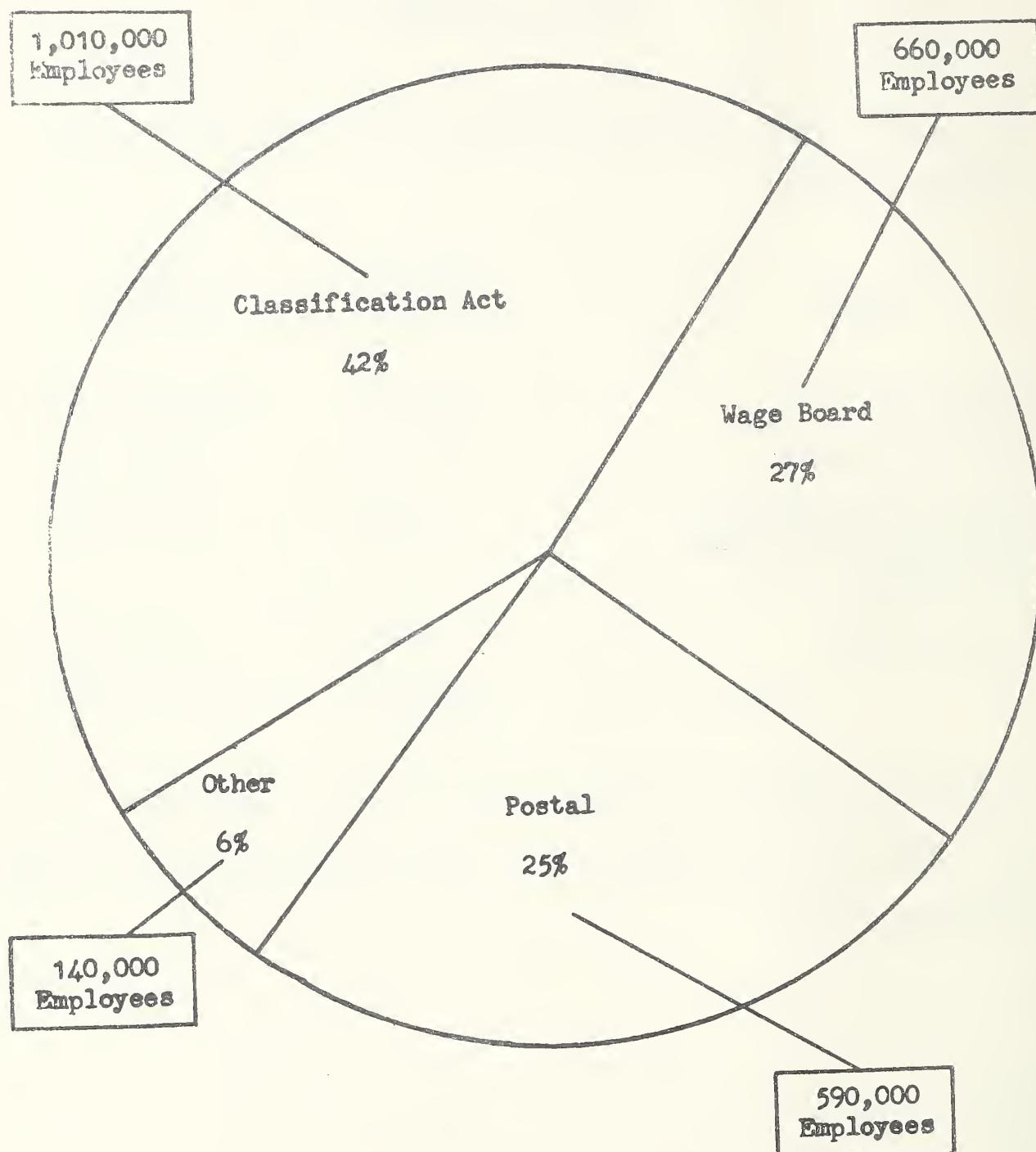
Notes on BLS and CSC Salary Surveys, and Other
Background Data on the Federal Salary Reform Bill

SCOPE OF PROPOSAL

This proposal would reform civilian pay systems where pay is fixed by Federal statute:

<u>System</u>	<u>Employees Covered</u>	<u>Annual Payroll</u>
Classification Act	1,010,000	\$6.3 billion
Postal Field Service	590,000	3.4 billion
Veterans' Administration, Department of Medicine and Surgery	22,000	.2 billion
Foreign Service	15,000	.15 billion
Totals	1,637,000	10.05 billion

The proposal is based on principles in accord with those which now govern the wage-board system which covers about 660,000 Federal trades and crafts workers.



DISTRIBUTION OF FULL-TIME FEDERAL EMPLOYEES

BY PAY SYSTEM - 1961

TOTAL 2,400,000

BASIS FOR REFORM

Federal pay reform should be based upon two principles and upon establishment of executive branch machinery for maintaining the principles in effect.

Principles

- o The comparability principle: Federal salary rates shall be comparable with private enterprise rates for the same levels of work.

Adoption of this principle assures equity for the Federal employee with his equals throughout the national economy, provides more nearly competitive rates for recruitment, and supplies an objective yardstick for immediate reform and for subsequent adjustments of the level of Federal salaries.

- o The internal alignment principle: There shall be equal pay for equal work, and pay distinctions in keeping with work and performance distinctions.

This principle is already stated in the current Classification Act and other Federal salary statutes. Making it effective fulfills the requisite of equity among Federal employees and constitutes the reform of pay structure and rules.

The establishment of salary schedules should result from the joint application of the two principles.

Executive Branch Role

- o To achieve reform and to maintain sound pay systems with proper controls, the executive must assess needs regularly and develop proposals for salary adjustments and for other improvements in salary systems.

THE COMPARABILITY PRINCIPLE

The principle of basing Federal salaries on private enterprise rates is sound.

- o It provides a logical and factual standard of judgment.
- o It insures equity and more nearly competitive rates.
- o It encompasses other legitimate pay factors such as cost of living, standard of living, and productivity as those factors are resolved into the "going rate" over bargaining tables throughout the economy.

The principle has wide acceptance.

- o The Federal Government first adopted it 100 years ago for Navy Yard workers, and has since applied it to all Federal workers in trades and crafts, to TVA, and to Government work contractors through the Walsh-Healey and Davis-Bacon Acts.
- o It is used by corporations, by many State and local governments, and by some other national governments.

It is feasible to apply the principle.

- o The BLS National Survey of Professional, Administrative, Technical, and Clerical Pay provides annually the requisite data on private enterprise pay.
- o There are technically valid and established methods for translating the BLS data into Federal salary levels equivalent to those of private industry.

THE INTERNAL ALIGNMENT PRINCIPLE

The internal alignment principle is now in force as to equal pay for equal work, but pay distinctions frequently fall short of work and performance distinctions (and of rank distinctions) and some improvement is needed accordingly in pay structure.

Intergrade differentials should reflect the position classification or other alignment plan. Under the Classification Act, for example, positions are classified in work zones of uniform size from GS-1 through GS-11 and zones of doubled magnitude from GS-11 through GS-18; intergrade salary differentials should follow the same pattern.

Within-grade step increases reward and incite improved performance.
Step increases:

- o Should be of sufficient size to be felt as material incentives.
- o Should come more rapidly in early years when performance improves most notably; and should come less rapidly in later years when the aim is to motivate continued good performance.
- o Should cover most careers in grade, which generally do not exceed 6 years for Foreign Service officers and 15 to 20 years under the Classification Act, but often range up to 30 years or more in some types of jobs under the Postal Field Service.

Rules should permit flexibility in the application of pay schedules, including:

- o Hiring above the entry rate when the individual's qualifications warrant.
- o Extra step increases for extra competence.
- o Upward adjustment of salary ranges for shortage occupations and a few exceptionally high pay areas.

DEVELOPING FEDERAL SALARY SCHEDULES AT
PRIVATE ENTERPRISE LEVELS

There are three major steps in developing a Classification Act salary schedule at levels comparable with salaries in private firms.

- o BLS surveys private enterprise rates and reports national averages.
- o A Classification Act pay line is fitted to the grade averages of rates reported by BLS.
- o A Classification Act pay schedule is constructed upon this pay line.

Salary schedules for other statutory systems are derived by linking key levels of those systems with appropriate Classification Act grades.

BUREAU OF LABOR STATISTICS SURVEY

The BLS surveys annually, as a part of its community wage survey program, salary rates paid in private enterprise for 70 professional, administrative, technical, and clerical jobs.

Jobs surveyed:

- o Consist of work which is essentially the same in Government and industry.
- o Occur frequently in both Government and industry.
- o Are representative of grades GS-1 through GS-15 of the Classification Act.

Salary information is collected in:

- o 80 metropolitan areas, selected to be representative of all U. S. metropolitan areas.
- o All industries which are major employers of the occupations surveyed: manufacturing, public utilities, wholesale and retail trade, finance, and some service industries.
- o Establishments with 250 or more employees, selected to be representative of industries and areas.
 - .. Clerical and technical data collected from 6,000 establishments.
 - .. Professional and administrative data collected from 1,600 establishments.

CHARACTERISTICS OF CLASSIFICATION ACT PRIVATE-ENTERPRISE-EQUIVALENT PAY LINE

<u>Grade</u>	<u>Grade Averages of Private Enterprise Rates</u>	<u>Rates on Line of Comparability</u>	<u>Intervals Between Levels of same Magnitude</u>	<u>Increase above Current Fourth Rate of Grade</u>
GS-1	\$ 3,119	\$ 3,300		
GS-2	3,628	3,705		
GS-3	4,093	4,150	25.8%	1.8%
GS-4	5,027	4,635		6.4
GS-5		5,170	24.6	6.8
GS-6		5,760		8.2
GS-7	6,648	6,380	23.4	9.1
GS-8		7,065		10.7
GS-9	7,776	7,800	22.2	12.6
GS-10		8,580		14.6
GS-11	9,457	9,435	21.0	13.1
GS-12	11,229	11,305	19.8	16.1
GS-13	13,152	13,405	18.6	17.4
GS-14	15,362	15,735	17.4	21.1
GS-15	19,348	18,285	16.2	24.3
GS-16		21,030	15.0	31.2
GS-17		23,930	13.8	38.2
GS-18		26,945	12.6	32.4

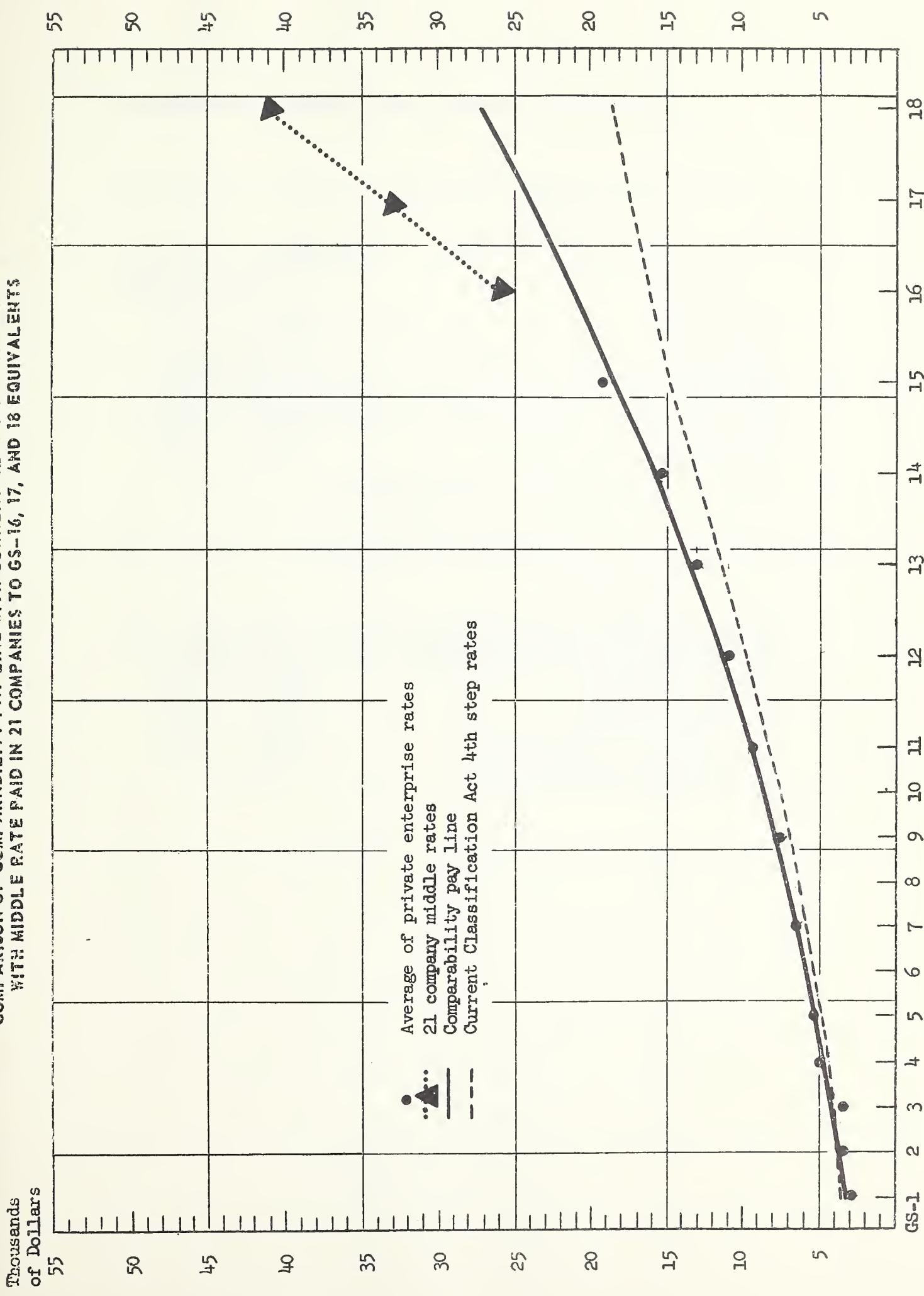
There were no nationally representative salary data for grades above GS-15. The rates at these grades were determined by extension of the line on the basis of the internal alignment principle. The upper end of the line thus derived was then tested against the rates found in the 1960 Civil Service Commission study of 21 large companies, and the line was found to run well below rates paid in these companies.

The Commission study had found that the 21 companies' pay rates for a majority of the positions studied at each level fell within these brackets:

<u>Classification Act grade for equivalent responsibilities</u>	<u>Pay bracket for majority* of positions studied in 21 companies</u>
GS-16	\$20,000-30,000
GS-17	27,500-37,500
GS-18	32,500-45,000

*Minority of jobs paid above or below these ranges were about equally distributed between those above and those below.

COMPARISON OF COMPARABILITY PAY LINE WITH CURRENT CLASSIFICATION ACT AND
WITH MIDDLE RATE PAID IN 21 COMPANIES TO GS-16, 17, AND 18 EQUIVALENTS



TOP CAREER SALARY RATES, STATE AND LOCAL GOVERNMENTS

<u>States</u>	<u>Top Rate or Range</u>
California	\$16,860-\$20,484
Georgia	16,740- 22,020
Illinois	16,500- 20,040
Michigan	16,078- 19,669
New York	18,630- 22,627
Ohio	15,840- 18,720
Pennsylvania	16,170- 21,672
<u>Localities</u>	
Los Angeles County, California	\$31,700
Los Angeles (City), California	\$23,028-\$28,692
Denver, Colorado	16,800- 21,876
Detroit, Michigan	18,531- 20,506
St. Louis, Missouri	20,790- 24,999
San Francisco, California	22,572- 27,444
Philadelphia, Pennsylvania	\$23,079

SALARIES OF COLLEGE PRESIDENTS AND FACULTIES

According to a survey conducted by the National Education Association in 1959-1960, covering 850 educational institutions:

54 College Presidents were paid-----\$25,000 or more

148 College Presidents were paid-----18,500 or more

17 College Vice-Presidents were paid-----25,000 or more

70 College Vice-Presidents were paid-----18,500 or more

310 Professors were paid-----18,000 or more

1,182 Professors were paid-----15,250 or more

